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Delaware Urges FTC to Strengthen “Used Car Rule”

Wilmington, DE – The Delaware Department of Justice announced today that it is calling on the Federal Trade Commission (FTC) to amend its Used Car Rule to require car dealers to indicate prior title status and damage history on used cars, trucks or SUVs offered for sale. Delaware joined Attorneys General from 39 other states, the District of Columbia, and the Northern Mariana Islands.

Under the FTC’s Used Car Rule, car dealers are required to post “Buyer’s Guide” notices on used vehicles, indicating whether the automobile is offered with a warranty, or is being sold “as-is,” without a warranty. While this warranty information is valuable for prospective buyers, the states noted in their letter that the Rule’s value is limited because it does not require notice about a vehicle’s damage history and prior use. In addition, the states added that damaged vehicles may pose safety hazards to consumers, and that manufacturers void warranties on vehicles with damage histories.

“Amending the Buyer’s Guide to require not only warranty information but also damage, prior use, and Lemon Law History, will help prevent fraud and help buyers make more informed purchasing decisions,” stated Timothy Mullaney, Director of the Delaware Department of Justice Fraud and Consumer Protection Division.

The states’ letter also indicates that Wisconsin already requires prior-damage information to be disclosed on Buyer’s Guides posted on used vehicles in that state, and that the FTC approved the Wisconsin regulation. Moreover, this information is readily available to dealers through private data sources and title records that accompany vehicles they purchase at auction or take in trade.

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